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ARIZONA CORPORATION COMMISSION

November 30, 2006

Mr. Thomas L. Mumaw
Senior Attorney
Pinnacle West Capital
P.O. Box 53999, Mail Station 8695
Phoenix, Arizona 85072-3999

**Re: Arizona Public Service Company – Motion to Amend Decision No. 68685
Docket No. E-01345A-06-0009**

Dear Mr. Mumaw:

As you stated in your Motion to Amend Decision No. 68685 (Emergency Interim Rate Increase), the interim PSA adjustor of 7 mills, save any Commission action, is scheduled to expire on January 1, 2007. Prior to the Commission convening the ARS § 40-252 proceeding on December 8th to consider your Motion, I would like you to respond in writing to a number of questions aimed at building an evidentiary record that will aid us in our deliberations.

- What is APS' current balance in all PSA accounts for fuel and purchased power costs as of November 30, 2006?
- What is APS' total amount for 2006 fuel and purchased power costs (using an estimate for the month of December)?
- How much does APS estimate will be collected through the 4 mill PSA adjustor scheduled to commence on February 1, 2007?
- If the Commission decides to continue the interim PSA adjustor of 7 mills until a final Order in the general case rate is issued, what is APS' estimated balance in all PSA accounts for fuel and purchased power costs as of May 31, 2007?
- If the Commission takes no action to continue the interim PSA adjustor of 7 mills until a final Order in the general rate case is issued, what is APS' estimated balance in all PSA accounts for fuel and purchased power costs as of May 31, 2007?
- If the Commission takes no action to continue the interim PSA adjustor of 7 mills until a final Order in the general rate case is issued, what is the amount in interest charges that will accrue as of May 31, 2007?

- If the Commission decides to continue the interim PSA adjustor of 7 mills until a final Order in the general rate case is issued and an over-recovery results, does APS have a position on how the over collection could be addressed in the pending general rate case with respect to holding ratepayers harmless?

I look forward to your expeditious response to my questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Hatch-Miller", with a stylized, flowing script.

Jeff Hatch-Miller
Chairman

Cc: Parties to the Docket
Brian C. McNeil
Lyn Farmer
Chris Kempley
Ernest Johnson